



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 786 (as reported without amendment)
Sponsor: Senator Alan Sanborn
Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend Public Act 148 of 1943, which provides for the regulation and licensure of proprietary schools, to transfer regulatory responsibility for the schools from the State Board of Education to the Department of Energy, Labor, and Economic Growth (DELEG) and allow proprietary schools to sell goods produced or services provided by students, if certain criteria were met. The bill also would name the Act the "Proprietary Schools Act".

The Act requires a proprietary school to secure a license from the State Board. The bill provides instead that a person could not operate a proprietary school in Michigan without a temporary permit or license from DELEG.

Under the bill, a license issued to a proprietary school that was accredited by a national or regional accrediting agency recognized by the U.S. Secretary of Education would be valid for three years. A license issued to any other proprietary school would not be valid for more than one year.

The bill would allow a proprietary school to sell goods produced or services provided by a student enrolled in an educational program operated by the school, if all of the following were met:

- The program included classroom study and practical training.
- A faculty member supervised any practical training included in the program.
- It was an integral part of the program that the student engaged in producing the goods or providing the services as part of his or her practical training.
- Any customer purchasing goods produced or services provided by a student in the program was notified that the individual producing the goods or providing the services was a student of the school.
- The price paid by the customer did not exceed the proprietary school's actual and reasonable costs of producing the goods or providing the services, plus an additional nominal amount.

The Department could not refuse to grant a temporary permit or license to a proprietary school solely because it operated an educational program described above.

MCL 395.101-395.102b

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 10-15-09

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